



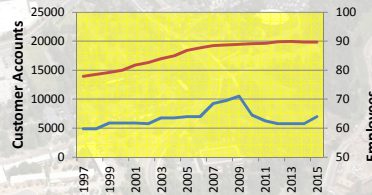
Purpose/Objective

Purpose: **develop rates** that are sufficient to **fund** the **Operation**, **Maintenance** and **Replacement** of **essential** utility infrastructure while maintaining a commitment to **affordability**, **transparency** and **water conservation**

Objective: Ensure the City can **responsibly invest** in the infrastructure needed to provide **round-the-clock**, **safe** and **reliable** utility services to ensure the **public's health** and **economic vitality** of our community today and into the future.

Utilities Efficiency Initiatives

- Starting to implement Energy efficiency within Operations
- Leak Detection Surveys
- Conducting Master Plans & Condition Assessments
- Eliminated 10 positions at beginning of Great Recession



Reliable infrastructure = Reliable services

ARIZONA'S INFRASTRUCTURE G.P.A. C

Infrastructure is all of the systems built to make our lives better and our economy more efficient. Roads, water pipes, dams, railways and much more make up the modern infrastructure you use every day.

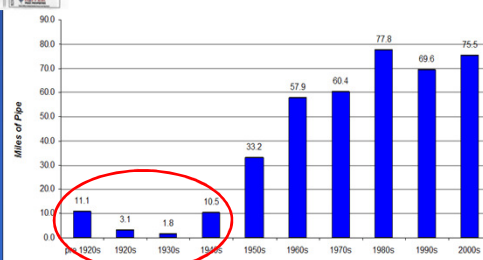
Generations of Arizonans built today's expansive infrastructure.

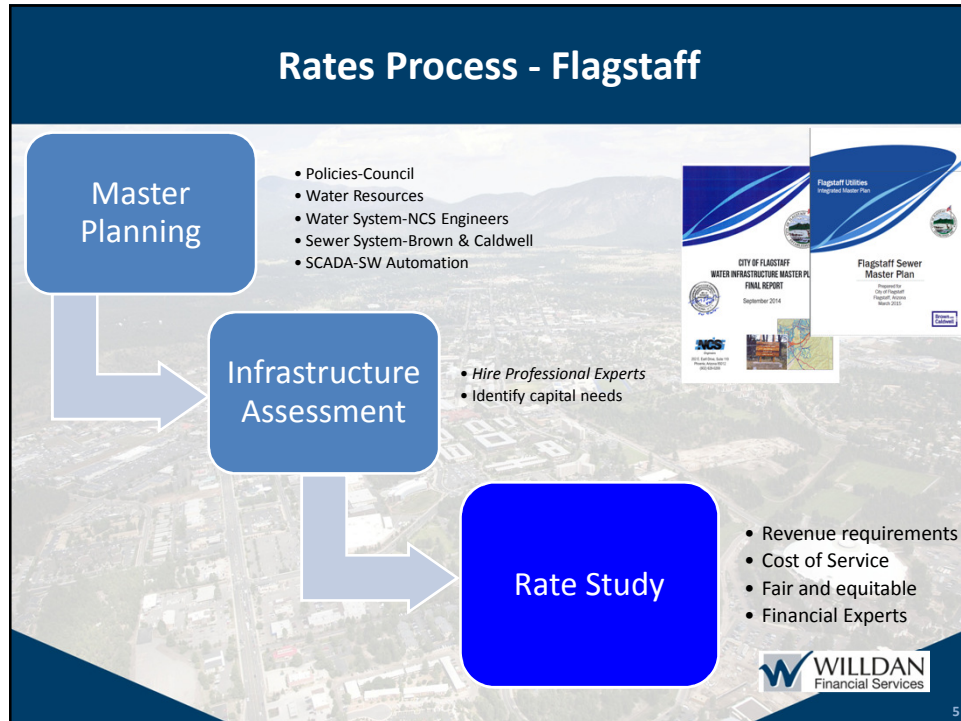


ROADS	D+
DRINKING WATER	C-
DAMS	C-
WASTEWATER	C
LEVEES	C-
RAIL	C+
TRANSIT	C+
AVIATION	B-
BRIDGES	B



Aging Water Pipeline by Decade





10-Year Infrastructure Assessment Flagstaff Water System

Treatment Plant

Pipelines

Production

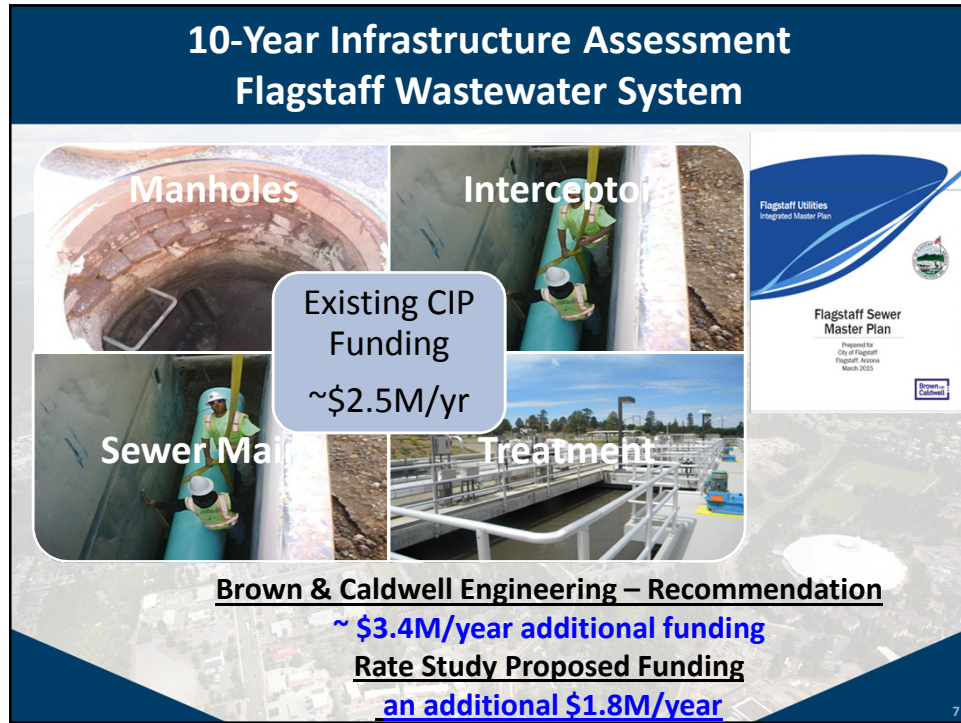
Storage

Existing CIP Funding
~\$5.8M/yr

NCS Engineering – Recommendation
~ \$5.9M/year additional funding

Rate Study Proposed Funding
an additional \$3.5M/year

Documents shown: CITY OF FLAGSTAFF WATER INFRASTRUCTURE MASTER PLAN FINAL REPORT (September 2014), NCS logo, and WILLDAN Financial Services logo.






PROPOSED RATE OPTIONS




WATER OPTIONS

Option	Financial Plan	Description
Option 1	3% Annual Increase	Exceeds 20% Debt service threshold-29%
Option 2	7% Annual Increase	Meets all financial policies

- *Additional options to modify tiered rates*
- *No Water Commission recommendation*



SEWER OPTIONS

Option	Financial Plan	Description
Option 1	5.5% Annual Increase	Exceeds 20% Debt service threshold-29%
Option 2 *	7% Annual Increase	Meets all financial policies

❖ *Water Commission recommendation*



11

RECLAIMED WATER OPTIONS

Option	Financial Plan	Description
Option 1*	3% Annual Increase	Exceeds 20% Debt service threshold-29%
Option 2	7% Annual Increase	Meets all financial policies

❖ *Water Commission recommendation*



12

STORMWATER RATE OPTIONS

Option	Financial Plan	Description
Option 1	3% Annual Increase	Funds \$400 K in CIP Pay as you go
Option 2*	6% Annual Increase	Funds \$600 K in CIP Pay as you go
Option 3	6% Annual Increase	Funds \$1M in CIP With Cash & Debt Svc
Option 4	15% Annual Increase	Funds \$15M Rio De Flag and \$400 K in CIP With Cash & Debt Svc



❖ *Water Commission recommendation*

13

CAPACITY FEES-NEW GROWTH

Meter Size	Base		Difference	
	Total	Current	\$	%
3/4"	\$5,728	\$5,891	(\$163)	-3%
1"	9,566	9,819	(253)	-3%
1 1/2"	19,074	19,638	(564)	-3%
2"	30,530	31,420	(890)	-3%
3"	57,279	58,913	(1,634)	-3%
4"	95,484	98,188	(2,704)	-3%
6"	190,910	196,376	(5,466)	-3%
8"	305,468	314,201	(8,733)	-3%
10"	439,157	451,664	(12,507)	-3%

- 5 New Wells
- \$13 M Red Gap Ranch
 - R/O/W Acquisition, NEPA, Studies

Meter Size	Option 2: Red Gap Pipeline Design		Difference	
	Total	Current	\$	%
3/4"	\$6,007	\$5,891	\$116	2%
1"	10,032	9,819	213	2%
1 1/2"	20,004	19,638	366	2%
2"	32,019	31,420	599	2%
3"	60,073	58,913	1,160	2%
4"	100,141	98,188	1,953	2%
6"	200,222	196,376	3,846	2%
8"	320,367	314,201	6,166	2%
10"	460,576	451,664	8,912	2%

- 5 New Wells
- \$23 M Red Gap Ranch
 - R/O/W Acquisition, NEPA, Studies
 - incl Pipeline/Booster Design

❖ *Water Commission recommendation-Option2*

SEWER CAPACITY FEES-NEW GROWTH

Meter Size	Proposed	Current	Difference	
			\$	%
3/4"	\$3,723	\$3,126	\$597	19%
1"	6,218	5,210	1,008	19%
1 1/2"	12,399	10,419	1,980	19%
2"	19,845	16,671	3,174	19%
3"	37,233	31,257	5,976	19%
4"	62,068	52,095	9,973	19%
6"	124,099	104,191	19,908	19%
8"	198,566	166,705	31,861	19%
10"	285,468	239,639	45,829	19%

- Sewer Interceptor Pipelines
- Future Solids Handling
 - Additional Digester
 - Dewatering

❖ *Water Commission recommendation*



COMPARISONS

RESIDENTIAL CUSTOMER - 3% Option

City of Flagstaff - Utility Billing
P.O. Box 2487
Flagstaff, AZ 86002-2487

Account Information
CUSTOMER NAME: [REDACTED]
SERVICE ADDRESS: [REDACTED]
METER LOCATION: [REDACTED]
BILLING PERIOD: [REDACTED]
CURRENT ACTIVITY DATE: [REDACTED]

CONSUMPTION	RATE (per 1,000)	AMOUNT
ENVIRMT MGMT PRGM FEE		4.00
TRASH 90 GAL RES		17.73
STORMWATER FEE		3.90
BASE CHG: 3/4" METER		13.42
WATER: 0-3,700 GALS	3.700	10.25
3,701 - 6,400 GALS	2.98	1.06
ENERGY SURCHARGE	3.996	3.84
SEWER: SINGLE FAMILY	3.660	14.02
AZ WATER QUALITY SF		0.03
SALES TAX 8.951%		2.56
CURRENT ACTIVITY (DUE 05/27/2015)		70.81
ACCOUNT BALANCE		70.81

4000 GALLON WATER USAGE – 3% Option

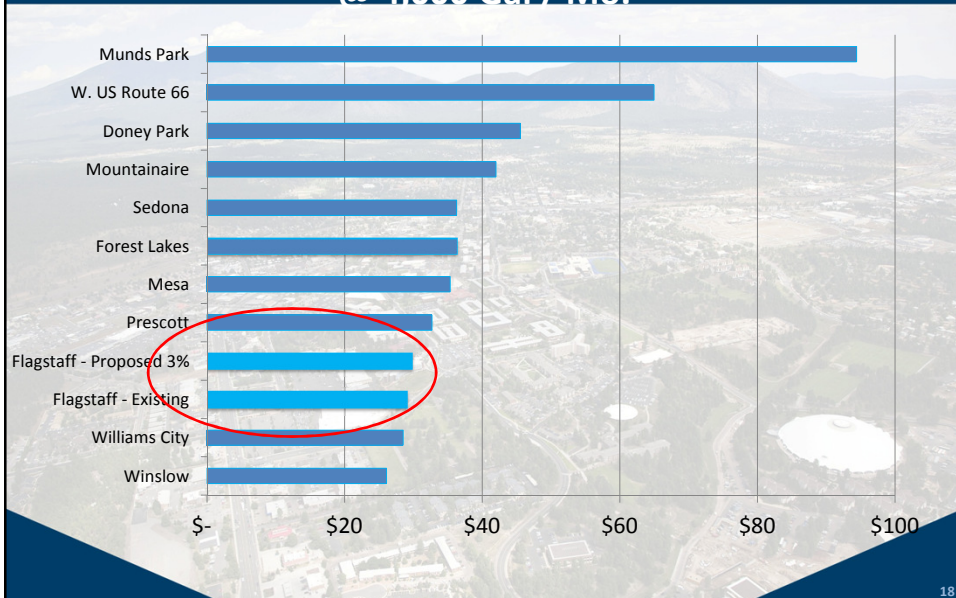
CURRENT ACTIVITY	CONSUMPTION	RATE (per 1,000)	AMOUNT
ENVIRMT MGMT PRGM FEE			4.00
TRASH 90 GAL RES			17.73
STORMWATER FEE			3.90
BASE CHG: 3/4" METER			13.42
WATER: 0-3,700 GALS	3,700	2.77	10.25
3,701 - 6,400 GALS	298	3.59	1.06
ENERGY SURCHARGE	3,996	0.96	3.84
SEWER: SINGLE FAMILY	3,660	3.80	14.02
AZ WATER QUALITY SF			0.03
SALES TAX 8.951%			2.56
CURRENT ACTIVITY (DUE 05/27/2015)			70.81
ACCOUNT BALANCE			70.81

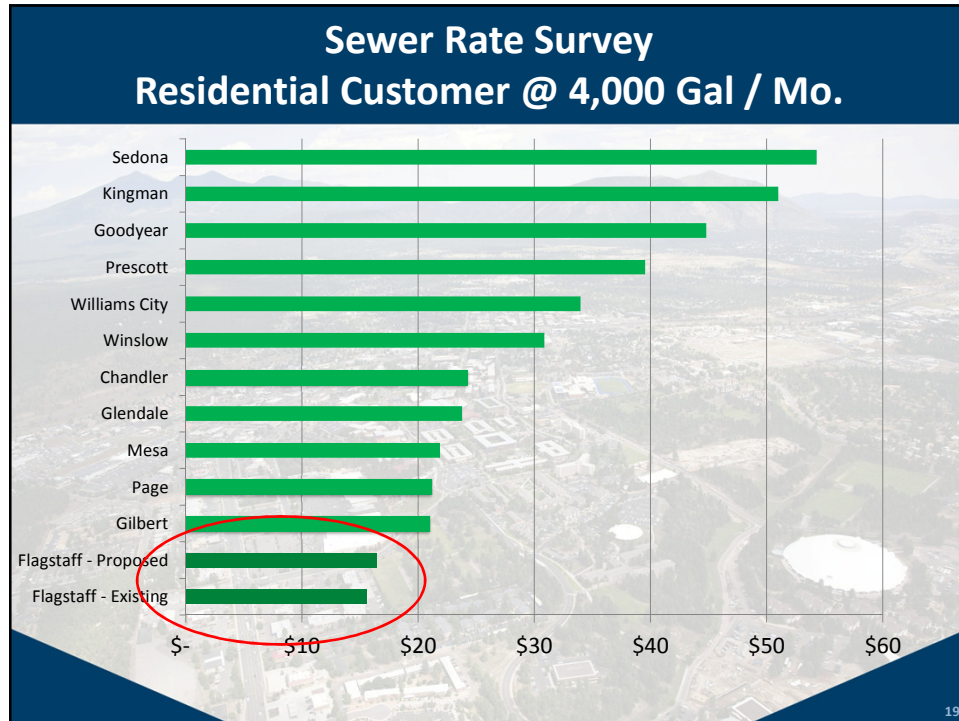
4000 GALLON WATER USAGE – 3% Option

- Monthly Water Increase: \$0.90/mo
- Monthly Sewer Increase: \$0.84/mo
- Monthly Stormwater Increase: \$0.24/mo (at 6%)

*Total Increase = \$1.98 per Month
or ~\$24 per year for FY16*

Water Rate Survey Residential Customer ¾" mtr @ 4,000 Gal / Mo.





How do we Compare Locally

Sample water bills

Area	Monthly water/sewer bill*
Flagstaff Meadows, Bellemont	;\$62.66
Kachina Village	;\$72.18
Mountaineer	;\$41.99**
Doney Park	;\$45.52**
Munds Park	;\$94.43
Forest Lakes	;\$36.25**
Forest Highlands	;\$90.45
West U.S. Route 66	;\$65**
City of Flagstaff	;\$47.46

*4,100 gallons a month

**Water service only; septic systems not on bill

azdailysun.com
Serving Flagstaff and northern Arizona

Water cost increases hit Bellemont subdivision

APRIL 05, 2015 7:30 AM • EMERY COWAN SUN STAFF REPORTER

Grass is conspicuously absent from the yards around Lorraine Knoll's Flagstaff Meadows home. She has installed artificial grass in the back yard and pulled out the grass in her front yard seven years ago, the first time that the utility company serving the Bellemont subdivision doubled residents' water rates.

WILLIAMS NEWS
Gateway to the Grand Canyon®

Tuesday, May 5, 2015

Williams water rates to increase

Williams City Council approves .002 cent residential increase and .005 cent commercial hike

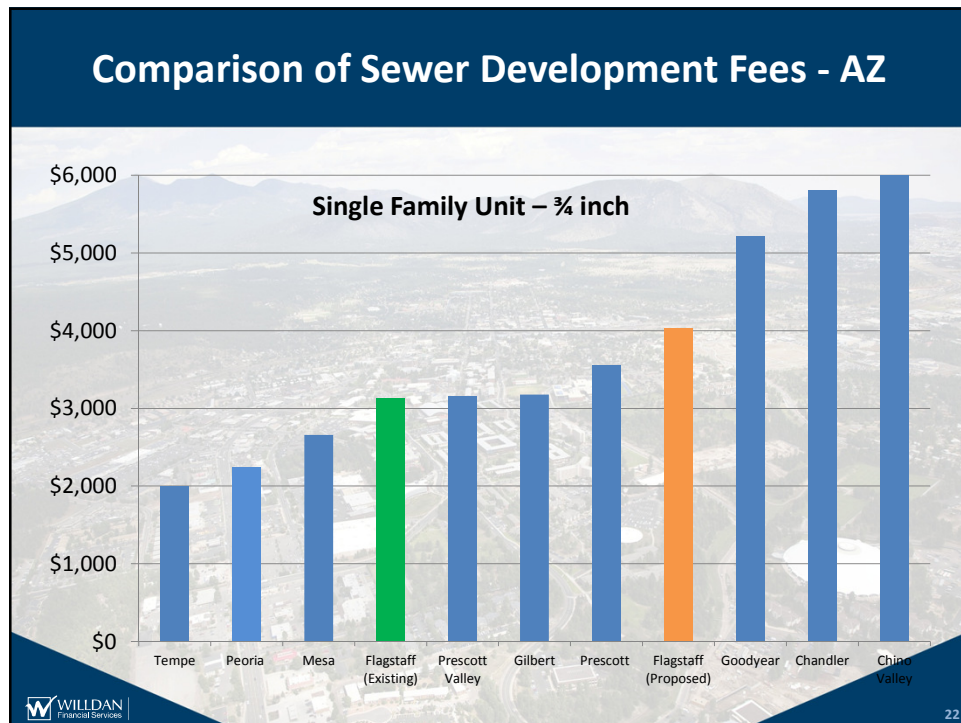
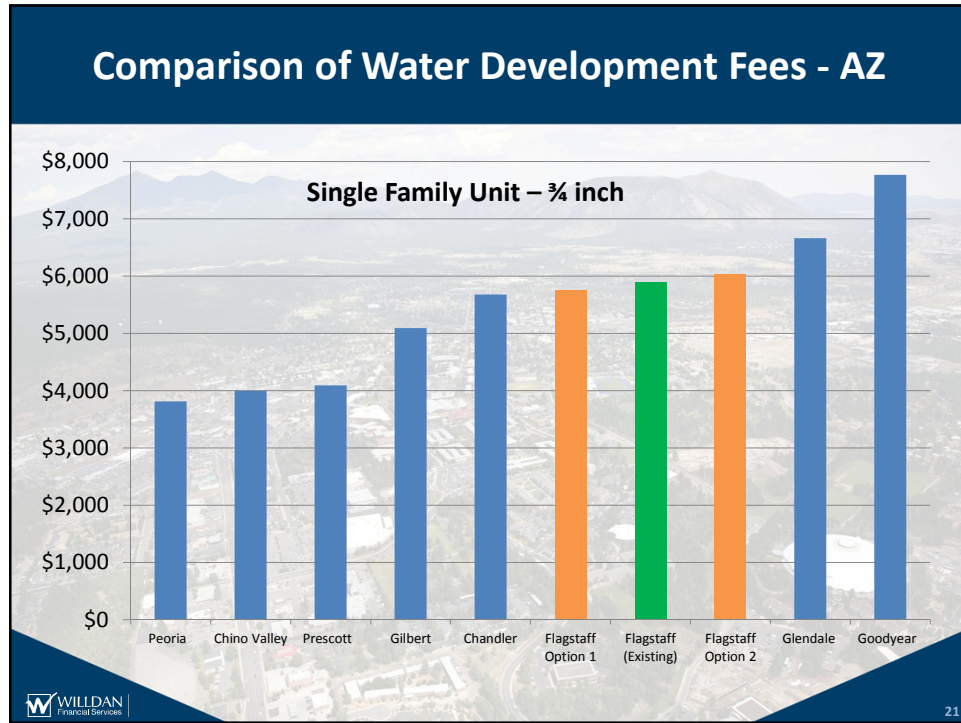
Evan Williams
Managing Editor

Tuesday, May 5, 2015

WILLIAMS, Ariz. - City of Williams water rates will increase for the first time in around six years, doubling the rate for commercial users and raising rates for residential user by .002 cents.

Williams City Manager Brandon Buchanan said the last rate increase occurred around 2008. The new rates go into effect July 13.

20



Reliable infrastructure = Reliable services

*Does the community want to invest additional
\$ for reliable infrastructure
and reliable service?*

<http://www.flagstaff.az.gov/water rates>

*For more information on the City's Rate Study and background information please
go to City of Flagstaff Website*



23

Next Steps

Proposed schedule

- ✓ 7-16-2015 – *Water Commission Final review*
- ✓ July-Sept *Community meetings*
- ✓ 8-25-2015 – *City Council Notice of Intent*
- 10-6-2015 – *City Council Public Hearing*
- *Early 2016 - Proposed Rates Effective*



24

